

backtracking when meeting resistance, spinning, trying another tack. Racing around like a chicken-without-a-head and accomplishing what you would expect such a creature to accomplish. But you know what inevitably happens to the proverbial chicken-without-a head? He's gone.

Impeach Clinton! And don't you think the liberals would agree, if only Hillary were Vice-President? ■

Anti-War Alliance Lives!

by M.N.R.

The old anti-war Left may be dead as a doornail, and signed up in the war-mongering ranks, but I'm delighted to say that the old Left-Right-libertarian anti-war coalition is alive and well at Stanford University. On May 7, there appeared an Appeal Against Intervention in the Bosnian conflict, addressed as an Open Letter to President Clinton. The Open Letter points out that the Serbs are not the only ethnic cleansers and that the conflict in Bosnia is a civil war, which can only be ended by a political agreement among the warring parties. Outside military intervention will only make matters worse, and increase the slaughter. The thirty-five faculty signers constitute the Balkan Peace Committee, 822 Los Robles Ave., Palo Alto, CA 94306.

Leftist signers include Barton Bernstein, New Left historian; Martin Carnoy, Marxist educa-

tor; David B. Tyack, New Left educational historian; and David M. Kennedy, Decline of Empire historian; conservatives include Lewis Gann and Tom Moore of the Hoover Institution; and libertarians include Bill Evers, Bob Hessen, Pete Boettke, and David Henderson of the Hoover Institution, and Ron Howard of the Department of Engineering-Economic Systems. The distinguished Balkan historian Wayne S. Vucinich also graces the signers.

Way to go, Stanford! ■

The Arkansas-Stephens Connection

by M.N.R.

We have all been learning far more about Arkansas sleaze than we ever dreamed we'd have to know. The gambling killer-nurse Queen Mother, the thuggish First Brother, the tacky and horrendous Thomasons, the kid Cousin Cathy Cornelius—the demon travel agent, all these peckerwoods from Arkansas have been forced upon our attention. But what's been missing has been Big Money, and we owe thanks to Doug Ireland of the leftist *Village Voice*, who has put it all together (VV, June 8) with the help of some dull and incomplete articles in the *New York Times*, plus Ireland's contacts at the *National Mortgage News* and an article by Steve Pizzo in the *Bank Resolution Reporter*.

The Arkansas Connection centers around the extremely

wealthy Stephens family, owners of Stephens, Inc. of Little Rock. Founder of Stephens, Inc. was the late W.R. ("Witt") Stephens, who was also the longtime head of Arkla, Inc., the huge natural gas combine, whose former president and CEO was none other than Bill Clinton's beloved childhood buddy and current chief of staff, Thomas ("Mack") McLarty.

It is well-known that Hillary Rodham Clinton's power law firm was the Rose law firm of Little Rock. Less well known is that Rose has long been the attorney for the powerful Stephens interests. To be more specific, let us consider the fate of some of Hillary's senior partners at the Rose firm. First, there is Webster ("Webb") Hubbell, now No. 3 at the Department of Justice, and apparently the *de facto* Attorney-General, the beloved La Reno to the contrary notwithstanding. Stephens, Inc. has for many years been the major underwriter and seller of municipal bonds in the State of Arkansas, and it is interesting that Webb Hubbell was, from 1979 to 1981, the mayor of Little Rock, an important issuer of such bonds. Another Rose partner was Vincent Foster, who personally represented Stephens, Inc. and who is now deputy White House counsel. A third Rose partner was the head of the Rose law firm William H. Kennedy 3rd, who also represented the Stephens family; Kennedy is now associate White House counsel.

It turns out that Stephens, Inc. was involved in several peccadilloes which brought it

into possibly unpleasant contact with federal regulatory agencies. For one thing, the Stephens family owns the Worthen Banking Corp., the state's largest bank, as well as the First National Bank of Stuttgart, Arkansas. One problem is that the Federal Reserve has already determined that the Stephens holdings in the Stuttgart bank

violate a law prohibiting people who control securities firms from owning more than 50 percent of a bank. Now, from the free-market point of view this is a silly and stupid law; but still it is the law. What did the Fed do about it? At a closed meeting in February, the Federal Reserve Board decided, by a vote of 5 to 2, to let the Stephens interests off the hook; instead of

levying a fine or bringing formal action, the Fed benignly suggested that the Stuttgart bank become a state-chartered bank, so as to avoid federal scrutiny. A month later, the Fed approved the Worthen Banking Corp.'s acquisition of another Arkansas bank despite severe reservations brought by the Federal Reserve Bank of St. Louis, the supervisor for Arkansas.

Why is Alan Greenspan coddling Stephens? And does it have anything to do with Greenspan's notorious scene at the

Inaugural, where he was lovey-dovey with none other than Hillary?

Not only that: there is a little-recognized but important link between Travelgate and the Stephens Connection. World-Wide Travel Service of Little Rock, at the center of Travelgate, was established by none other than the Worthen Banking Corporation in 1969 and incorporated by a lawyer for Stephens, Inc.

Also; there was a strong connection between the Stephens interests and the notorious and crooked BCCI, the very international bank which proved to be the downfall of the beloved Democrat Wise Man Clark Clifford. In 1976, Federal regulators informed BCCI that they would not be

allowed to own any American banks. As an end run, BCCI arranged a secret purchase of Bert Lance (Jimmy Carter's favorite banker)'s National Bank of Georgia (NBG) using as a front man one Ghaith Pharaon. Federal regulators had already ordered Lance to get rid of his shares in NBG because of the same questionable loans that had forced Lance out as Director of the OMB in the Carter Administration. Pharaon paid the grateful Lance \$20 a share for the NBG, grateful because its market worth was only half

that amount. As a further sweetener, shortly after this deal, BCCI owner Agha Hasan Abedi hired Lance to advise BCCI. This whole stock deal was arranged by none other than Stephens, Inc., headed by Jackson Stephens.

Clifford and his partner Robert Altman were brought low because they allowed BCCI to own First American, in defiance of American law. That is well-known. What is far less known is the identity of the Americans who arranged the transaction. The idea for the secret purchase of First American (then called Financial Bankshares) was conceived by Bert Lance, who proposed it to BCCI, and the agent for BCCI in carrying out the transaction was Stephens, Inc. Stephens, Inc., in other words, was the "midwife" of this questionable transaction.

Which made Stephens, Inc. and its creation, the Worthen Banking Corporation, extremely interested in the outcome of the presidential election. Is it any wonder that the Stephens group raised more money for the Clinton presidential campaign than any other group? Is it any wonder that the Worthen National Bank gladly loaned \$2 million to the Clinton campaign when it was on the financial ropes? Or that Greenspan wants to avoid questioning about the Fed's lax role in the BCCI affair?

In the light of all this, the Rose-Stephens stench around the White House takes on more than just "cronyism" significance, as is the fact that Webb Hubbell, our *de facto* Attorney-General, used to be an attorney

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for the Worthen Banking Corporation.

Hey, where is Lawrence Walsh now that we need him? ■

Approved Racism

by Llewellyn H. Rockwell, Jr.

In the confirmation hearings over Clintonian appointments, the Republicans have been remarkably passive. That changed with nomination of Lani Guinier as assistant attorney general for civil rights. For Guinier is a black racial theorist whom even the double standard couldn't protect. An ex-NAACP Legal Defense Fund lawyer, she has left a long and interesting paper trail as professor of law at the University of Pennsylvania.

In "Keeping the Faith" in the 1989 *Harvard Civil Rights- Civil Liberties Law Review*. Guinier argues for dismantling the American electoral system because "Blacks may vote, but it is whites who will govern." To fix this, "the Department of Justice" must "embrace the concept of 'meaningful' representation through 'race conscious remedies.'"

What does she mean by "meaningful?" As she explains in "The Triumph of Tokenism" in the March 1989 *Michigan Law Review*, it means electing "authentic" black representatives. They "must be more than physically black." They must also be "politically, psychologically, and culturally black."

"Black politicians may be elec-

torally successful without being authentic," she warns, for some blacks "must appeal to white voters in order to get elected." Only electoral "support by a majority of black voters" can confer black "political authenticity."

Bloc voting by blacks demonstrates, she says, that they are "ideologically homogeneous" in favoring "greater civil rights enforcement, social welfare expenditures, and government intervention in domestic affairs." But they are not represented by authentic political leaders.

What to do? In "No Two Seats: The Elusive Quest for Political Equality" in the November 1991 *Virginia Law Review*, she tells us that "majority rule" is illegitimate when the majority is white: "simply put, racism excludes minorities," meaning "that the white majority will be permanent." That is, the present system prevents 12% of the population from running the other 88%.

American must understand: it's morally virtuous for blacks to vote for authentic blacks, she says. But if whites vote for whites, authentic or otherwise, it is "offensive to the dignity of minorities."

The electoral system must take into account her theory of society: the "Law of Racial Thermodynamics." It purports to show that racism is "neither created nor destroyed," but merely operates under "different guises," including the "procedural racism" of "seemingly neutral or meritocratic rules that predictably handicap blacks."

That's why she wants the Justice Department to establish a system to prevent "politically cohesive minority interests" from being "submerged" by majority vote.

Geographic districts, she argues, promote white rule. She wants them replaced with "distinct communities" of black "group activity and identity" for voting purposes. Voters of "the same interest" must be allowed "to join together" in voting for authentic candidates "regardless of where the voters live."

She also wants "cumulative voting" to "eliminate" the "winner-take-all characteristics" of the current system. In this way, black voters will be able to "express the intensity of their preferences" since they are "politically cohesive, sufficiently numerous, and strategically mobilized."

Under her system, she says, white voters would divide up their votes, while blacks would concentrate theirs. This would lead to "more authentic black political representation" and "greater black political power."

An authentic law professor herself, Guinier says the "empirical evidence" shows that "'blacks live in a different world from whites.'" All "disagreements among blacks pale by comparison with" the differences "between blacks and whites."

Guinier says that she knows that her scheme will be criticized for heightening racial divisions. But she dismisses that, since blacks are already "victimized as a result of their racial identity." Her plan, she says,